

**Senate Study Bill 1023 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED ECONOMIC  
DEVELOPMENT AUTHORITY BILL)

**A BILL FOR**

1 An Act relating to the termination of the targeted small  
2 business financial assistance program and making  
3 appropriations for assistance to targeted small businesses.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

TARGETED SMALL BUSINESS FINANCIAL ASSISTANCE PROGRAM

Section 1. Section 8.6, subsection 12, Code 2013, is amended to read as follows:

12. *Targeted small businesses.* To assist the director of the economic development authority as requested in the establishment and implementation of the Iowa targeted small business procurement Act ~~and the targeted small business loan guarantee program.~~

Sec. 2. Section 15.107B, subsection 2, paragraph c, Code 2013, is amended by striking the paragraph.

Sec. 3. Section 15.108, subsection 7, paragraph c, unnumbered paragraph 1, Code 2013, is amended to read as follows:

Aid for the development and implementation of the Iowa targeted small business procurement Act established in sections 73.15 through 73.21 ~~and the targeted small business financial assistance program established in section 15.247.~~

Sec. 4. Section 15.108, subsection 7, paragraph c, subparagraph (1), subparagraph division (c), Code 2013, is amended by striking the subparagraph division.

Sec. 5. Section 15.108, subsection 7, paragraph c, subparagraphs (3) and (5), Code 2013, are amended by striking the subparagraphs.

Sec. 6. Section 15.240, subsection 2, paragraph f, Code 2013, is amended by striking the paragraph.

Sec. 7. Section 15.313, subsection 2, paragraph c, Code 2013, is amended by striking the paragraph.

Sec. 8. Section 73.20, Code 2013, is amended to read as follows:

**73.20 Determination of ability to perform.**

Before announcing a contract award pursuant to the targeted small business procurement goal program, the purchasing authority shall evaluate whether the targeted small business scheduled to receive the award is able to perform the contract.

1 This determination shall include consideration of production  
2 and financial capacity and technical competence. If the  
3 purchasing authority determines that the targeted small  
4 business may be unable to perform, the director of the economic  
5 development authority shall be notified ~~and shall assist the~~  
6 ~~targeted small business pursuant to section 15.108, subsection~~  
7 ~~7, paragraph "c", subparagraph (3).~~

8 Sec. 9. REPEAL. Section 15.247, Code 2013, is repealed.

9 Sec. 10. TRANSITION UPON REPEAL.

10 1. Upon repeal of the targeted small business financial  
11 assistance program established in section 15.247, the authority  
12 shall transfer all unencumbered and unobligated moneys accruing  
13 to the authority pursuant to existing agreements to a fund  
14 established by the authority in the state treasury under  
15 the control of the authority pursuant to section 15.106A,  
16 subsection 1, paragraph "o", to be used for the purposes of  
17 administering economic development programs in chapter 15,  
18 chapter 15E, or another targeted small business assistance  
19 program as may be authorized by law.

20 2. Loan payments or repayments and recaptures of principal,  
21 interest, or other moneys accruing to the authority on or after  
22 June 30, 2013, pursuant to an agreement under section 15.247,  
23 shall be transferred to a fund established by the authority in  
24 the state treasury under the control of the authority pursuant  
25 to section 15.106A, subsection 1, paragraph "o".

26 DIVISION II

27 TARGETED SMALL BUSINESS APPROPRIATION

28 Sec. 11. TARGETED SMALL BUSINESSES. There is appropriated  
29 from the general fund of the state to the economic development  
30 authority for the fiscal year beginning July 1, 2013, and  
31 ending June 30, 2014, the following amount, or so much thereof  
32 as is necessary, to be used for the purposes designated in this  
33 section:

34 For the services of a qualified microloan service provider  
35 to provide financial and technical assistance to targeted small

1 businesses in Iowa:

2 ..... \$ 250,000

3 1. The authority shall enter into an agreement with a  
4 microloan service provider for the provision of services to  
5 targeted small businesses. In engaging the services of a  
6 qualified microloan service provider, the authority shall  
7 require the service provider to offer financial and technical  
8 assistance to targeted small businesses at a discounted  
9 rate. The authority shall ensure that the moneys appropriated  
10 pursuant to this section are used to subsidize the provision  
11 of financial and technical assistance by the microloan  
12 service provider to targeted small businesses in order for  
13 the microloan service provider to offer its services at a  
14 discounted rate.

15 2. The authority shall, upon completion of the terms of the  
16 agreement with the microloan service provider, submit a report  
17 to the general assembly and the governor's office regarding  
18 the results achieved by the service provider and shall make  
19 recommendations as to whether the state should continue to  
20 appropriate funds for future fiscal years for the purpose  
21 of providing financial and technical assistance to targeted  
22 small businesses through the services of a microloan service  
23 provider.

24 3. For purposes of this section, "targeted small business"  
25 means the same as defined in section 15.102.

26 4. Notwithstanding section 8.33, moneys appropriated in  
27 this section that remain unencumbered or unobligated at the  
28 close of the fiscal year shall not revert but shall remain  
29 available for expenditure for the purposes designated until the  
30 close of the succeeding fiscal year.

31 5. Notwithstanding section 12C.7, subsection 2, earnings  
32 or interest on moneys deposited in a fund shall be credited to  
33 the fund.

34 EXPLANATION

35 This bill terminates the targeted small business financial

1 assistance program and appropriates moneys to the economic  
2 development authority for the services of a microloan service  
3 provider to assist targeted small businesses.

4 Division I of the bill repeals the targeted small business  
5 financial assistance program. The Code defines a targeted  
6 small business as a small business that is 51 percent or more  
7 owned, operated, and actively managed by a minority person,  
8 a person with a disability, or a woman. A targeted small  
9 business must also be located in the state, operated for  
10 profit, and have an average annual gross income of less than \$4  
11 million over the three preceding fiscal years. The targeted  
12 small business financial assistance program is a program that  
13 provides loan-based financing and grants to eligible targeted  
14 small businesses through the strategic investment fund created  
15 in Code section 15.313. The bill terminates the targeted small  
16 business financial assistance program, as well as the program's  
17 board, and the targeted small business advocate service  
18 provider which provided mentoring, outreach, and professional  
19 development services to certified targeted small businesses.

20 The bill allows the economic development authority, upon  
21 repeal of the program, to transfer all unencumbered and  
22 unobligated moneys as well as loan payments or repayments  
23 and recaptures of principal, interest, or other moneys  
24 accruing from an existing agreement entered into under the  
25 targeted small business financial assistance program to a fund  
26 established by the economic development authority.

27 Division II of the bill appropriates \$250,000 from the  
28 general fund to the economic development authority for  
29 the services of a qualified microloan service provider to  
30 provide financial and technical assistance to targeted small  
31 businesses.

32 The bill provides that the economic development authority  
33 shall enter into an agreement with a microloan service provider  
34 for the provision of financial and technical services to  
35 targeted small businesses. The economic development authority

1 shall require that the microloan service provider offer  
2 such assistance to targeted small businesses at a discounted  
3 rate, and the moneys appropriated to the economic development  
4 authority shall be used to enable the microloan service  
5 provider to offer that discounted rate.

6 The bill requires the economic development authority to  
7 submit a report to the governor and the general assembly  
8 with the results achieved by the service provider and  
9 recommendations as to whether the state should continue to  
10 appropriate funds for future fiscal years for the purpose of  
11 providing assistance to targeted small businesses through a  
12 microloan service provider.